



University of Applied Sciences
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EuromPM

Risk Management in Thomas Cook - Intourist Integration Program

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Thomas Cook – a leading global travel group

One of the leading travel groups world-wide

Founded in 1841m the pioneer of modern tourism

Strong portfolio of travel brands: Thomas Cook and local brands

No 1 or 2 in core markets

Industry-leading margins

Experienced management team, many people with more than 20 years in industry

FY 2009

Revenue	£9.3b
EBIT (margin)	£415m (4,5%)
Source markets	21
Passengers	22m
Retail outlets	3,400
Online bookings	21%
Aircraft	94
Employees	31,000
SH structure	100% Free float





Thomas Cook current source market

UK & Ireland



7.6 million passengers
1,016 retail stores¹
43 aircraft

West/East Europe



3.3 million passengers
1,102 retail stores
6 aircraft

Central Europe



3.7 million passengers
1,254 retail stores

Northern Europe



1.5 million passengers
18 retail stores

North America



1.1 million passengers
52 retail stores

Airlines Germany



5.9 million passengers
34 aircraft

Emerging markets



India Jan '09
Russia Nov '10
China & Brazil targets__





Intourist - A leading Russian travel business



- Russia's oldest travel business: founded in 1929 & privatised in early 1990
- Diversified business including outbound, inbound and domestic tour operations
- Owns own distribution network and manages hotels
- “Intourist” brand is one of most reputed brands in the Russian & CIS markets
- 2009 Revenue USD\$324m; EBITDA \$5.3m (2008 EBITDA: \$12.5m)





Attractiveness of Russian travel market

1) Double-digit growth potential

- Russian economy growing fast, increasing wealth in population
- 6m out of 142m take overseas, packaged holidays (much lower than Western markets)
- Market had grown 15-20% between 03-08, strong growth resumed in 2010

2) Similar travel behaviour as in Thomas Cook core markets

- Beach and family holidays popular
- Turkey and Egypt as key destinations
- Opportunity to develop current Inbound business

3) Still fairly fragmented market consolidation opportunity

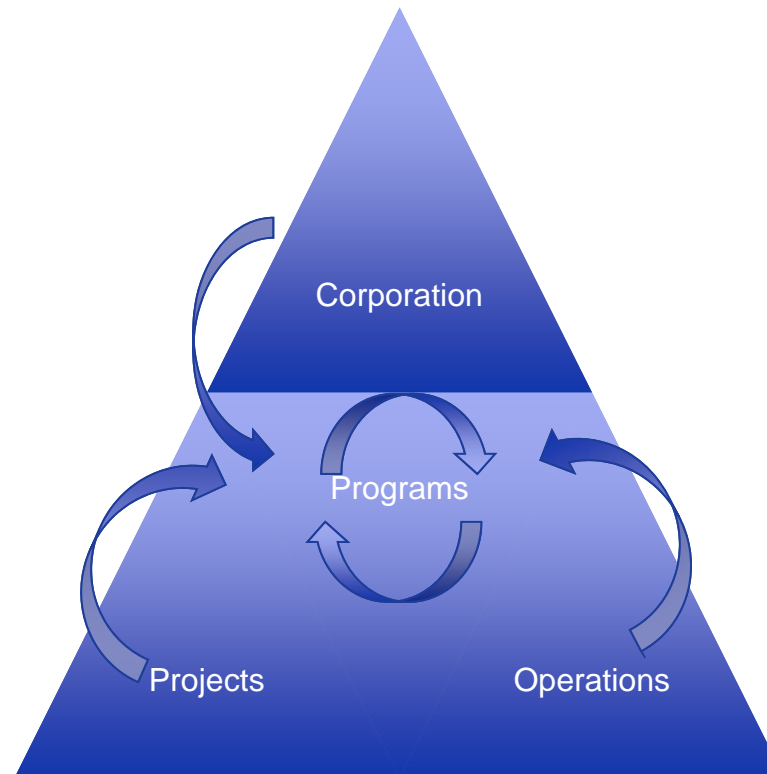
4) Learning from each other and sharing best practices

5) Opportunity to improve margins over time by leveraging scale





Different level risks affecting Program





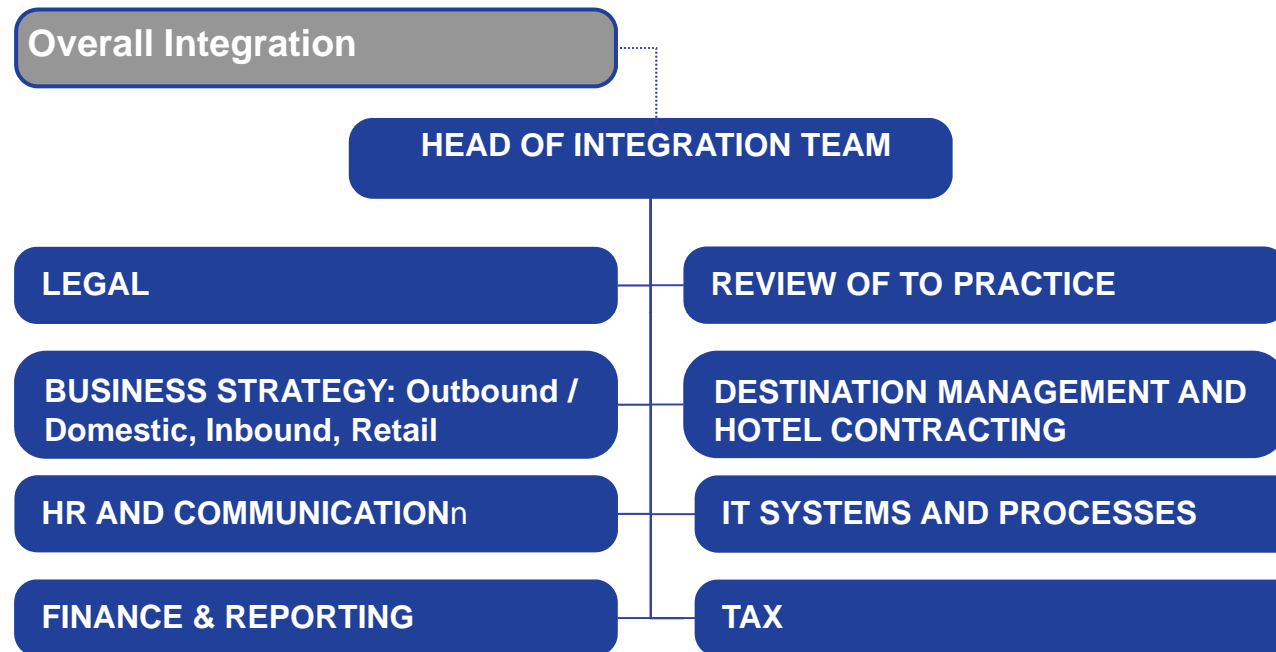
Thomas Cook Integration Program Risk Management

- 1) Corporate level - corporate strategy, company policy, limitations like accounting standards, reporting standards, purchasing policy
- 2) Project level – willingness of every project manager to push his/her own projects, Reservation system, Financial system, Destination system
- 3) Operational level – operational impossibility. IFRS implementation, difference in travel agency service, office rent.





Identifying Risks

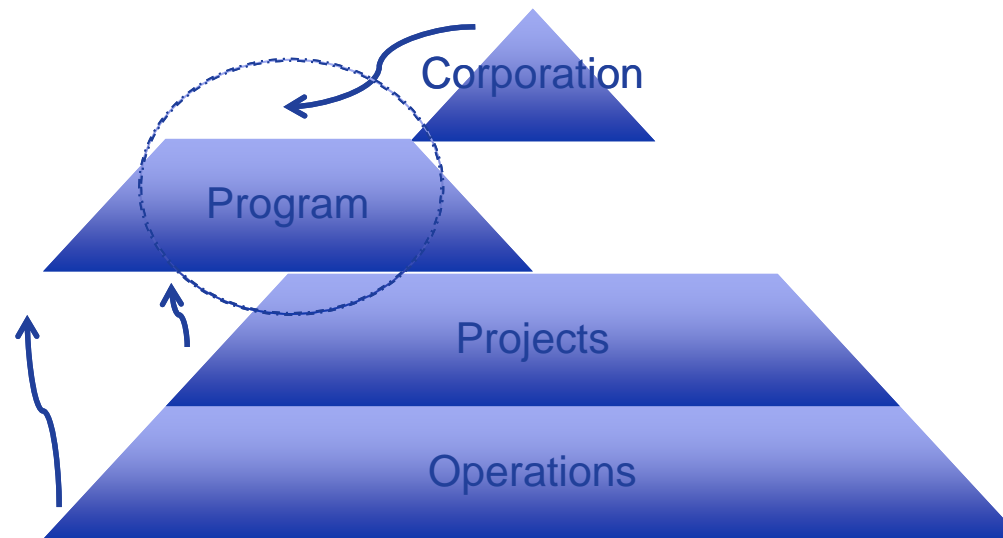


- 1) Integration Committee was set up
- 2) Structure of the Program identified
- 3) Tools used: document reviewing, interviewing, checklist analysis and diagramming techniques



Analyzing Risks

- 1) Commercial Due Diligence
- 2) Financial Due Diligence
- 3) Tools used: risk categorization, impact assessment, urgency assessment, feedback-action





Planning Risks

- 1) Thomas Cook has to follow the Company Policy rules
- 2) Thomas Cook is a company which always tries to mitigate risks, it is just matter of time
- 3) Examples: branding strategy, new Reservation system implementation

